



Management Discussion and Analysis
For the quarter ended March 31, 2011

Investor Relations Department

Email : irgroup@krungsri.com

Tel : +66 2 296-2977

Fax : +66 2 683-1341



Management Discussion and Analysis (MD&A)

1. Summary of Financial Performance and Status

Bank of Ayudhya Public Company Limited announced continued improvement in its operating performance as well as a strengthened financial position for the first quarter of 2011. The key financial highlights of the results for Krungsri Group (the Bank and its subsidiaries) are as follows:

- **Net Profit:**
Baht 2.8 billion, Increased 35.9% compared to 1Q/10 and 24.5% compared to 4Q/10
- **Operating Profit:**
Baht 6.6 billion, Increased 8.0% compared to 1Q/10 and 12.7% compared to 4Q/10
- **Net Interest Margin:** Strong at more than 4.6% under new financial statement format (5.1% under old format)
- **Non-Interest Income:** Increased 9.6% compared to 1Q/10
- **Performing Loan Growth:** Increased Baht 65.3 billion or 11.7% compared to March 2010 and Baht 10.9 billion or 1.8% year to date
- **Funding Growth:** Increased Baht 57.8 billion or 10.4% increase compared to March 2010 and Baht 14.2 billion or 2.2% compared to December 2010
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- **Asset Quality:** Increased coverage to 92% from 89%
- **Reserves:** Increased excess to Baht 13.1 billion, 164% of Bank of Thailand requirements
- **Non-Performing Loans:** Decreased to Baht 36.5 billion from Baht 38.1 billion in December 2010 and from 5.5% to 5.0% on gross NPLs to total loans basis
- **Capital Adequacy Ratio:** Increased from 15.8% to 16.8%

In 1Q/11, the Bank changed its presentation of financial statements in accordance with the Bank of Thailand (“BOT”) Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 3, 2010 and Thai Accounting Standard No.1 (revised 2009) “Presentation of Financial Statements”. The major impacts from the changes are:

Net interest income decreased, mainly due to movements of:

- Contribution to deposit protection agency from non-interest expenses
- Dealer commissions from non-interest expenses
- Accrued interest income of Interest Rate Swap/Cross Currency Swap (“IRS/CCS”) from non-interest income
- Dividend income to non-interest income

Fees and other income increased, mainly due to movements of:

- Dividend income from net interest income
- Accrued interest income of IRS/CCS to net interest income

Fees and other expenses decreased, mainly due to movements of:

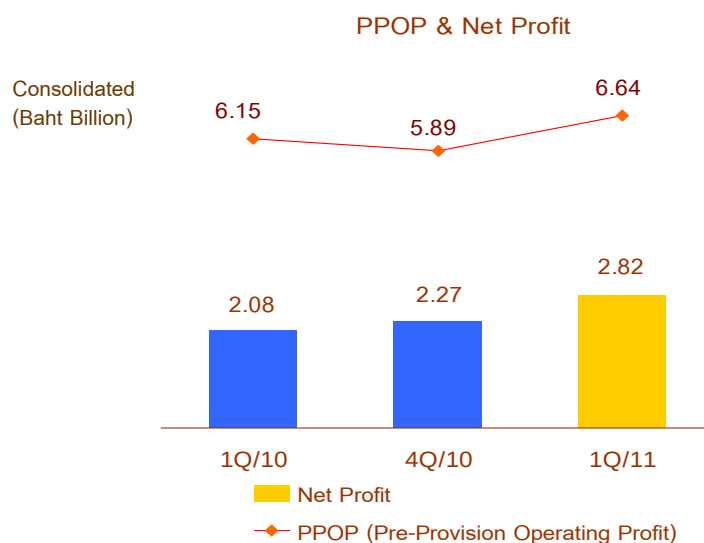
- Contribution to deposit protection agency to net interest income
- Dealer commissions to net interest income

Statements of Comprehensive Income Consolidated	New Presentation			Old Presentation		
	1Q/11	4Q/10	1Q/10	1Q/11	4Q/10	1Q/10
Interest Income	12,876	12,382	11,447	13,251	12,715	11,819
Interest Expenses	3,685	3,251	2,970	3,110	2,692	2,451
Interest Income, Net	9,191	9,131	8,477	10,141	10,023	9,368
Fees and Other Income	5,153	5,555	4,703	5,004	5,472	4,601
Fees and Other Expenses	7,709	8,801	7,035	8,510	9,610	7,824
Pre-Provision Operating Profit (PPOP)	6,635	5,885	6,145	6,635	5,885	6,145
Impairment Loss of Loan and Debt Securities	2,750	3,156	3,181	2,750	3,156	3,181
Income Tax Expenses	1,065	464	889	1,065	464	889
Net Profit	2,820	2,265	2,075	2,820	2,265	2,075
Earning Per Share [Baht]	0.46	0.37	0.34	0.46	0.37	0.34
NIM	4.62%	4.78%	4.63%	5.10%	5.24%	5.12%
Cost to Income Ratio	53.74%	59.93%	53.37%	56.19%	62.02%	56.01%

In addition, the Bank and its subsidiaries adopted a new accounting policy - - Thai Accounting Standard No.19 “Employee Benefits”. The first time adoption of this accounting policy effective January 1, 2011, resulted in an adjustment to the beginning balance of current period retained earnings of Baht 1,793 million.

These changes make the Bank and its subsidiaries’ financial statements comparable to the financial statement presented by most international banks.

Statements of Comprehensive Income Consolidated	1Q/11	4Q/10	1Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	12,876	12,382	11,447	494	4.0	1,429	12.5
Interest Expenses	3,685	3,251	2,970	434	13.3	715	24.1
Interest Income, Net	9,191	9,131	8,477	60	0.7	714	8.4
Fees and Service Income	3,340	3,348	3,217	(8)	(0.2)	123	3.8
Fees and Service Expenses	822	826	783	(4)	(0.5)	39	5.0
Fees and Service Income, Net	2,518	2,522	2,434	(4)	(0.2)	84	3.5
Non-interest and Non-fees Income	1,813	2,207	1,486	(394)	(17.9)	327	22.0
Other Operating Expenses	6,887	7,975	6,252	(1,088)	(13.6)	635	10.2
Pre-Provision Operating Profit (PPOP)	6,635	5,885	6,145	750	12.7	490	8.0
Impairment Loss of Loan and Debt Securities	2,750	3,156	3,181	(406)	(12.9)	(431)	(13.5)
Income Tax Expenses	1,065	464	889	601	129.5	176	19.8
Net Profit	2,820	2,265	2,075	555	24.5	745	35.9
Other Comprehensive income	(257)	(475)	54	218	45.9	(311)	(575.9)
Total Comprehensive income	2,563	1,790	2,129	773	43.2	434	20.4
Net Profit Attributable To							
Owners of the Bank	2,808	2,261	2,070	547	24.2	738	35.7
Non-Controlling Interest	12	4	5	8	200.0	7	140.0
Net Profit	2,820	2,265	2,075	555	24.5	745	35.9
Total Comprehensive income Attributable To							
Owners of the Bank	2,551	1,786	2,124	765	42.8	427	20.1
Non-Controlling Interest	12	4	5	8	200.0	7	140.0
Total Comprehensive income	2,563	1,790	2,129	773	43.2	434	20.4
Earning Per Share [Baht]	0.46	0.37	0.34	0.09	24.3	0.12	35.3



In 1Q/11, the operating profit before provisioning for doubtful accounts and taxes was Baht 6,635 million, representing an increase of Baht 490 million or 8.0% when compared to 1Q/10. Major contributors to this increase were an 8.4% growth in net interest income, a 3.5% growth in net fees and service income and a 22.0% growth in non-interest and non-fee income, while other operating expenses grew by 10.2%. In the same period, impairment loss of loan and debt securities of Baht 2,750 million was set aside to further strengthen the overall allowance for doubtful accounts balance. After tax expense of Baht 1,065 million, a net profit of Baht 2,820 million was realized in 1Q/11, representing a 35.9% increase when compared to 1Q/10.

In 1Q/11, the operating profit before impairment loss of loan and debt securities and taxes was increased by Baht 750 million or 12.7% compared to the prior quarter and net profit increased by Baht 555 million or 24.5%. The increase was mainly due to a decrease in other operating expenses of 13.6%, partially offset by a decrease in non-interest and non-fee income of 17.9%.

Consolidated	As at	As at	Change from	
	Mar. 31, 11	Dec. 31, 10	Dec. 31, 10	
			Baht mn	%
Assets	870,410	869,834	576	0.1
Loans to customers*	658,148	648,960	9,188	1.4
Deposits	572,270	576,479	(4,209)	(0.7)
Liabilities	770,474	770,730	(256)	(0.0)
Shareholders' Equity	99,936	99,104	832	0.8

* Loans to customers net of deferred income

As of March 31, 2011, the total assets of the Bank and its subsidiaries were Baht 870,410 million, an increase of Baht 576 million as compared to December 31, 2010. This increase was mainly due to higher loans of Baht 9,188 million or 1.4% and interbank and money market items of Baht 10,317 million or 13.8% net of claims on security under private repurchase agreements of Baht 8,718 million or 65.3% and net investments of Baht 8,253 million or 10.5%.

Total liabilities were Baht 770,474 million, a decrease of Baht 256 million as compared to December 31, 2010. This decline was mainly due to decreases in interbank and money market items of Baht 10,054 million or 23.0%, liabilities to deliver security under private repurchase agreements of Baht 8,718 million or 65.3%, deposits of Baht 4,209 million or 0.7%, offset by an increase in bills of exchange and borrowings of Baht 18,489 million or 18.6%.

Total shareholders' equity rose to Baht 99,936 million, an increase of Baht 832 million or 0.8% as compared to December 31, 2010. The increase was mainly due to equity holders' net income of Baht 2,820 million for the quarter offset by the adjustment for provision of employee's benefits of Baht 1,793 million.

2. Financial Performance

2.1 Net Interest Income

Consolidated	1Q/11	4Q/10	1Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	8,373	8,093	7,713	280	3.5	660	8.6
Interest on interbank and money market items	543	414	183	129	31.2	360	196.7
Hire purchase and financial lease income	3,565	3,399	3,174	166	4.9	391	12.3
Investments and trading transactions	25	39	18	(14)	(35.9)	7	38.9
Investments in debt securities	370	437	359	(67)	(15.3)	11	3.1
Total Interest Income	12,876	12,382	11,447	494	4.0	1,429	12.5
INTEREST EXPENSES							
Interest on deposits	1,777	1,548	1,334	229	14.8	443	33.2
Interest on interbank and money market items	358	154	124	204	132.5	234	188.7
Interest on borrowings	974	989	992	(15)	(1.5)	(18)	(1.8)
Contribution to Deposit Protection Agency	575	559	519	16	2.9	56	10.8
Other interest expenses	1	1	1	0	0.0	0	0.0
Total Interest Expenses	3,685	3,251	2,970	434	13.3	715	24.1
Interest Income, net	9,191	9,131	8,477	60	0.7	714	8.4
Net Interest Margin	4.62%	4.78%	4.63%				
Yield on Earning Assets	6.48%	6.48%	6.26%				
Cost of Funds	2.05%	1.88%	1.79%				

Net interest income in 1Q/11 was Baht 9,191 million, an increase of Baht 714 million or 8.4% as compared to the same period last year, resulting primarily from higher interest rates and a higher volume of loans, hire purchase and financial lease and interbank and money market items. Higher interest expense on deposits and interbank and money market items was due to both higher average balances and interest rate increases in line with the market.

Compared to 1Q/10, interest income for 1Q/11 was Baht 12,876 million, an increase of Baht 1,429 million or 12.5% from 1Q/10 driven by:

- An increase in interest on loans of Baht 660 million of 8.6% as a result of higher interest rates and loan volumes.

- An increase in interest on interbank and money market items income of Baht 360 million or 196.7%, resulting primarily from higher interest rates in line with the market.

- An increase in hire purchase and financial lease income of Baht 391 million or 12.3%, resulting primarily from higher hire purchase volume.

Interest expense for 1Q/11 was Baht 3,685 million, an increase of Baht 715 million or 24.1% from 1Q/10 driven by:

- An increase in interest on deposits of Baht 443 million or 33.2%, resulting primarily from higher deposit volume and interest rates in line with industry rates.

- An increase in interest on interbank and money market items of Baht 234 million or 188.7% as a result of higher interest rates in line with the market.

Net interest income in 1Q/11 increased by Baht 60 million or 0.7% as compared to the last quarter, resulting primarily from higher interest income from loans, hire purchase and financial lease and interbank and money market items, offset by higher interest expense from deposits and interbank and money market items.

Compared to 4Q/10, interest income for 1Q/11 increased Baht 494 million or 4.0% driven by:

- An increase in interest on loans of Baht 280 million or 3.5%, due mainly to higher loan volume.

- An increase in interest on interbank and money market items of Baht 129 million or 31.2%, due mainly to higher interest rates and primary dealer activity.

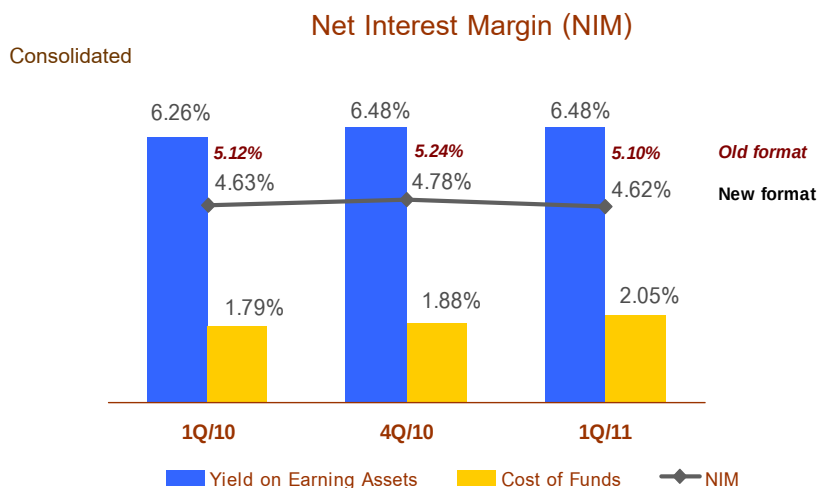
- An increase in interest on hire purchase and financial lease income of Baht 166 million or 4.9%, due mainly to higher hire purchase volume.

Interest expenses for 1Q/11 increased of Baht 434 million or 13.3% from 4Q/10 driven by:

- An increase in interest on deposits of Baht 229 million or 14.8%, resulting primarily from higher interest rates in line with the market and the full effect of the deposit volume increase during 4Q/10.

- An increase in interest on interbank and money market items of Baht 204 million or 132.5%, due mainly to higher interest rates in line with the market.

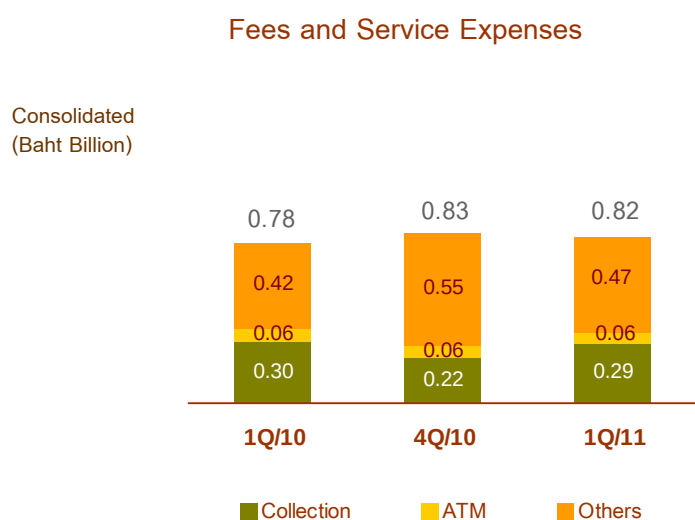
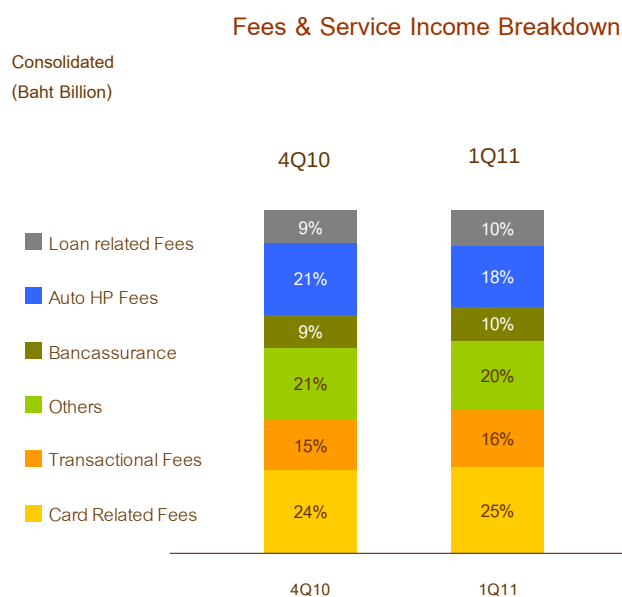
Net interest margin (NIM) for 1Q/11 was 4.6%, decreasing slightly from 4Q/10. The decline in NIM in 1Q/11 was mainly driven by higher deposit and bills of exchange rates in line with the market and a higher volume of primary dealer activity with lower margins. The improvement in NIM from 1Q/10 was mainly due to a higher yield on housing and commercial loans.



	Jan-10	Mar-10	Jun-10	Jul-10	Sep-10	Dec-10	Jan-11	Mar-11
Policy Rate	1.25%	1.25%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
BAY Lending Rate	6.25%	6.25%	6.25%	6.375%	6.375%	6.50%	6.75%	7.00%
Fixed Deposit rate								
3 - month deposits	0.75%	0.75%	0.75%	0.875%	1.05%	1.125-1.30%	1.25-1.40%	1.40-1.70%
6 - month deposits	0.75%	0.75%	0.75%	1.10%	1.20-1.30%	1.10-1.55%	1.55-1.675%	1.65-1.90%
12 - month deposits	1.00-1.50%	0.75%	0.75%	1.10-1.20%	1.35-1.50%	1.45-1.70%	1.65-1.85%	2.00%

2.2 Net Fees and Service Income

Consolidated	1Q/11	4Q/10	1Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	13	13	14	0	0.0	(1)	(7.1)
Other fees and service income	3,327	3,335	3,203	(8)	(0.2)	124	3.9
Fees and service income	3,340	3,348	3,217	(8)	(0.2)	123	3.8
Fees and service expenses	822	826	783	(4)	(0.5)	39	5.0
Fee and Service Income, net	2,518	2,522	2,434	(4)	(0.2)	84	3.5



Compared with 1Q/10, net fees and service income was Baht 2,518 million, an increase of Baht 84 million or 3.5%, driven primarily by:

- An increase in fees and service income of Baht 123 million or 3.8%, primarily in the bancassurance business.

- An increase in fees and services expenses of Baht 39 million or 5.0%, mainly driven by an increase in credit card costs.

Compared with 4Q/10, net fees and service income decreased slightly by Baht 4 million or 0.2%, driven primarily by a decrease in fees and service income of Baht 8 million which was mainly from fees related to loans, partially offset by a decrease in fees and services expenses of Baht 4 million.

2.3 Non-interest and Non-fees Income

Consolidated	1Q/11	4Q/10	1Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on tradings and foreign exchange transactions	266	878	169	(612)	(69.7)	97	57.4
Gains (losses) on investments	180	19	47	161	847.4	133	283.0
Share of profit (loss) from investment for using equity method	6	60	38	(54)	(90.0)	(32)	(84.2)
Excess of net fair value of acquired subsidiary over purchase cost	0	544	(24)	(544)	(100.0)	24	100.0
Other operating income	1,360	706	1,256	654	92.6	104	8.3
Total Non-interest and Non-fees Income	1,812	2,207	1,486	(395)	(17.9)	326	21.9

Compared with 1Q/10, non-interest and non-fees income was Baht 1,812 million, an increase of Baht 326 million or 21.9%, driven primarily by:

- An increase in gains on investments of Baht 133 million, resulting from a gain from sales in the available-for-sale portfolio of Baht 62 million and general investment portfolio of Baht 49 million.
- An increase in other operating income of Baht 104 million or 8.3%, mainly from an increase in property foreclosed income.

Compared with 4Q/10, non-interest and non-fees income decreased by Baht 395 million or 17.9% driven primarily by:

- A decrease in gain on trading and foreign exchange transactions of Baht 612 million driven by a one-off gain on a CDO sale of Baht 677 million in 4Q/10.
- A decrease in excess of net fair value of acquired subsidiary over purchase cost of Baht 544 million booked in 4Q/10, resulting from the GE Money Thailand ("GEMT") acquisition.
- An increase in gains on investment of Baht 161 million, resulting from a gain from sales in the available-for-sale portfolio of Baht 119 million and general investment portfolio of Baht 49 million.

- An increase in other operating income of Baht 654 million or 92.6%, mainly driven by an increase in property foreclosed income of Baht 144 million and bad debt recoveries from the auto and credit card businesses of Baht 442 million.

2.4 Other Operating Expenses

Consolidated	1Q/11	4Q/10	1Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee's expenses	2,873	3,274	2,789	(401)	(12.2)	84	3.0
Premises and equipment expenses	1,263	1,110	1,117	153	13.8	146	13.1
Taxes and duties	408	403	369	5	1.2	39	10.6
Directors' remuneration	7	7	6	0	0.0	1	16.7
Other expenses	2,336	3,181	1,971	(845)	(26.6)	365	18.5
Total Other Operating Expenses	6,887	7,975	6,252	(1,088)	(13.6)	635	10.2

Compared to 1Q/10, other operating expenses were Baht 6,887 million, an increase of Baht 635 million or 10.2%, driven primarily by:

- An increase in employee's expenses of Baht 84 million or 3.0%, driven mainly by annual merit increases and other staff benefits, partially offset by decreases in the provident fund and bonus accrual.

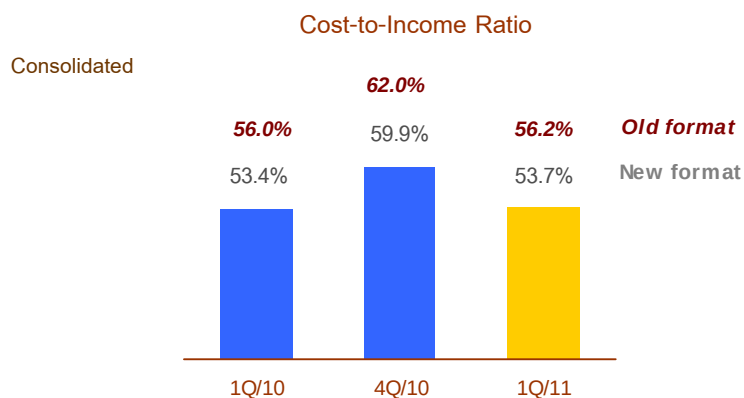
- An increase in premises and equipment expenses of Baht 146 million or 13.1%, driven mainly by depreciation of building revaluation expenses of Baht 60 million.

- An increase in other expenses of Baht 365 million or 18.5%, primarily driven by an increase in the amortization of the fair value of intangible assets of Baht 456 million offset by a reserve on assets transferred to TAMC of Baht 300 million recorded in 1Q/10.

Compared to 4Q/10, other operating expenses decreased by Baht 1,088 million or 13.6% driven by:

- A decrease in employee's expenses of Baht 401 million or 12.2%, mainly driven by a decrease in bonus expenses.

- A decrease in other expenses of Baht 845 million or 26.6%, mainly from a decrease in promotion expenses which incurred in 4Q/10 to promote accelerated loan growth.



Overall, in 1Q/11, the Bank's cost-to-income ratio decreased significantly to 53.7% from 59.9% in 4Q/10. The Bank continues to reinvest productivity gains achieved through integration activities into the Bank's technology infrastructure with advertising and promotions spending returning to normal levels.

2.5 Impairment loss of loans and debt securities

Consolidated	1Q/11	4Q/10	1Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	2,737	2,506	3,351	231	9.2	(614)	(18.3)
Loss on Debt Restructuring	13	650	(170)	(637)	(98.0)	183	107.6
Total impairment loss of loan and debt securities	2,750	3,156	3,181	(406)	(12.9)	(431)	(13.5)

The Bank and its subsidiaries set aside loan loss provisions in 1Q/11 totaling Baht 2,750 million, a decrease of Baht 406 million or 12.9% from the previous quarter and a decrease of Baht 431 million or 13.5% from the same quarter last year, resulting from the overall stability in the quality of the loan portfolio. This provision further strengthened the balance sheet of the Bank with the loan loss coverage ratio increasing from 89% to 92%.

3. Financial Status

3.1 Financial Position

Consolidated	As at	As at	Change from	
	Mar. 31, 11	Dec. 31, 10	Dec. 31, 10	
			Baht mn	%
<u>ASSETS</u>				
Cash	19,367	22,461	(3,094)	(13.8)
Interbank and money market items, net	84,844	74,527	10,317	13.8
Investments, net	70,107	78,360	(8,253)	(10.5)
Investments in subsidiaries and associates, net	735	729	6	0.8
Loans to customers	686,632	675,680	10,952	1.6
Accrued interest receivable	1,707	1,724	(17)	(1.0)
Deferred revenue	(28,484)	(26,720)	(1,764)	(6.6)
Allowance for doubtful accounts	(33,001)	(33,410)	409	1.2
Revaluation allowance for debt restructuring	(507)	(543)	36	6.6
Properties for sale, net	13,460	14,727	(1,267)	(8.6)
Others	55,550	62,299	(6,749)	(10.8)
TOTAL ASSETS	870,410	869,834	576	0.1
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Deposits	572,270	576,479	(4,209)	(0.7)
Interbank and money market items, net	33,708	43,762	(10,054)	(23.0)
Debt issued and borrowings	117,854	99,365	18,489	18.6
Others	46,642	51,124	(4,482)	(8.8)
TOTAL LIABILITIES	770,474	770,730	(256)	(0.0)
Issued and paid-up share capital	60,741	60,741	0	-
Retained earning	20,306	19,225	1,081	5.6
Others	18,889	19,138	(249)	(1.3)
TOTAL SHAREHOLDERS' EQUITY	99,936	99,104	832	0.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	870,410	869,834	576	0.1

As of March 31, 2011, the total assets of the Bank and its subsidiaries were Baht 870,410 million, an increase of Baht 576 million as compared to December 31, 2010. This increase was mainly due to higher net loans and deferred income of Baht 9,188 million or 1.4% and interbank and money market items of Baht 10,317 million or 13.8%, driven by an increase in bilateral repurchase agreements, net of a decrease in claims on security under private repurchase agreements of Baht 8,718 million or 65.3% and net investments of Baht 8,253 million or 10.5%, driven by a decrease in the investment in government bonds.

Total liabilities were Baht 770,474 million, a decrease of Baht 256 million as compared to December 31, 2010. This decline was mainly due to a decrease in private repurchase agreements of Baht 16,280 million, a decrease in deposits of Baht 4,209 million or 0.7% and a decrease in other liabilities of Baht 4,482 million or 8.8%. Net by debt instrument issuance increased Baht 18,489 million or 18.6% from funding campaign and an increase in borrowings from financial institutions of Baht 6,949 million,.

Total shareholders' equity rose to Baht 99,936 million, an increase of Baht 832 million or 0.8% as compared to December 31, 2010. The increase was mainly due to equity holders' net income of Baht 2,820 million for the quarter offset by the adjustment for provision of employees' benefits of Baht 1,793 million.

3.2 Loans to customer

3.2.1 Loans by segment

Consolidated	Mar. 31, 11	Dec. 31, 10	Change from	
			Dec. 31, 2010	
			Baht mn	%
Corporate	187,660	190,046	(2,386)	(1.3)
SMEs	180,985	180,104	881	0.5
Retail	289,503	278,810	10,693	3.8
- Hire purchases	136,509	126,444	10,065	8.0
- Housing	86,124	82,280	3,844	4.7
- Personal & other	66,870	70,086	(3,216)	(4.6)
Total *	658,148	648,960	9,188	1.4

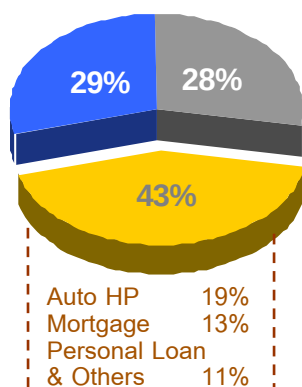
* Loans to customers net of deferred income

Total loans grew from Baht 648,960 million as of December 31, 2010 to Baht 658,148 million or 1.4%, driven by an increase in performing loans of Baht 10,880 million. The growth originated primarily from hire purchase assets, which grew strongly at 8.0% in line with consumer confidence and an increase in car sales, while housing loans grew 4.7% during the quarter. Personal loans and credit card balances declined less than normal seasonality, following significant growth in the previous quarter.

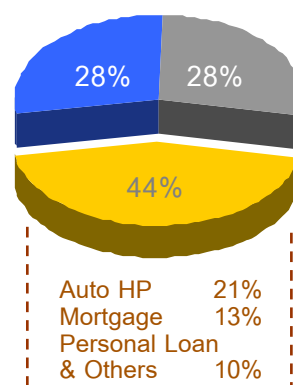
Loan Composition

Consolidated

2010



Mar-2011



■ Corporate

■ SME

■ Retail

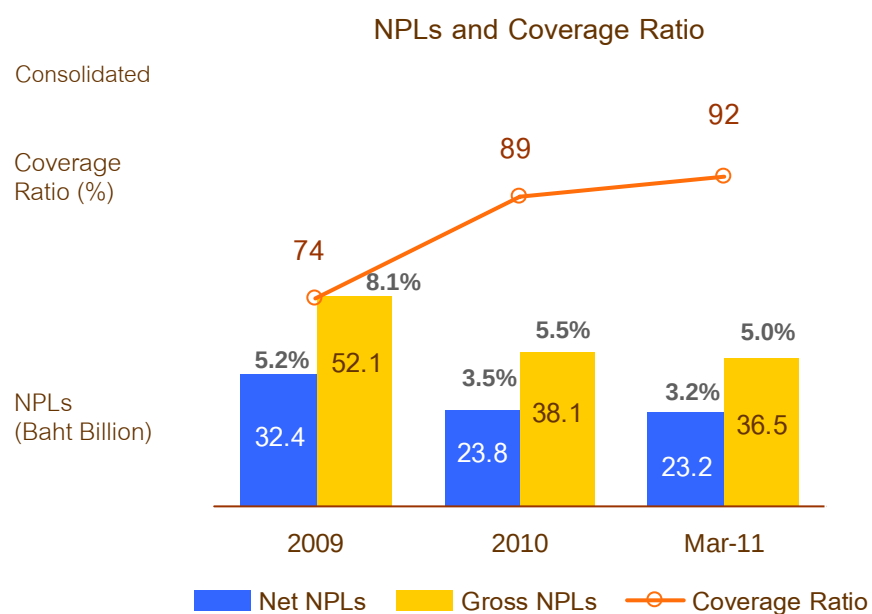
3.2.1 Loans classification and Provision

Unit : Baht mn

Consolidated	Mar. 31, 2011		Dec. 31, 2010		Change	
	Loans and Accrued Interest	Provision	Loans and Accrued Interest	Provision	Loans and Accrued Interest	Provision
Normal	596,699	5,456	586,356	5,257	10,343	199
Special mentioned	25,372	1,228	24,864	1,170	508	58
Substandard	9,726	5,880	10,104	5,564	(378)	316
Doubtful	5,381	1,319	4,897	1,268	484	51
Doubtful of loss	21,468	6,024	23,269	7,485	(1,801)	(1,461)
Total BOT Provision	658,646	19,907	649,490	20,744	9,156	(837)
Plus (less) deferred income / commision	1,209		1,194		15	
Surplus Reserve		13,094		12,666		428
Total	659,855	33,001	650,684	33,410	9,171	(409)

Non-performing loans

Consolidated	Mar 31, 11	Dec 31, 10	Change from Dec 31, 10	
			Baht mn	%
Non-Performing Loans (Net)	23,228	23,832	(604)	(2.5)
Non-Performing Loans (Gross)	36,457	38,149	(1,692)	(4.4)
Loans loss reserves (LLR)	33,552	33,988	(436)	(1.3)
Coverage	92.0%	89.1%	2.9%	3.3
BOT Requirement	20,458	21,322	(864)	(4.1)
Actual / Required LLR	164.0%	159.4%	4.6%	2.9



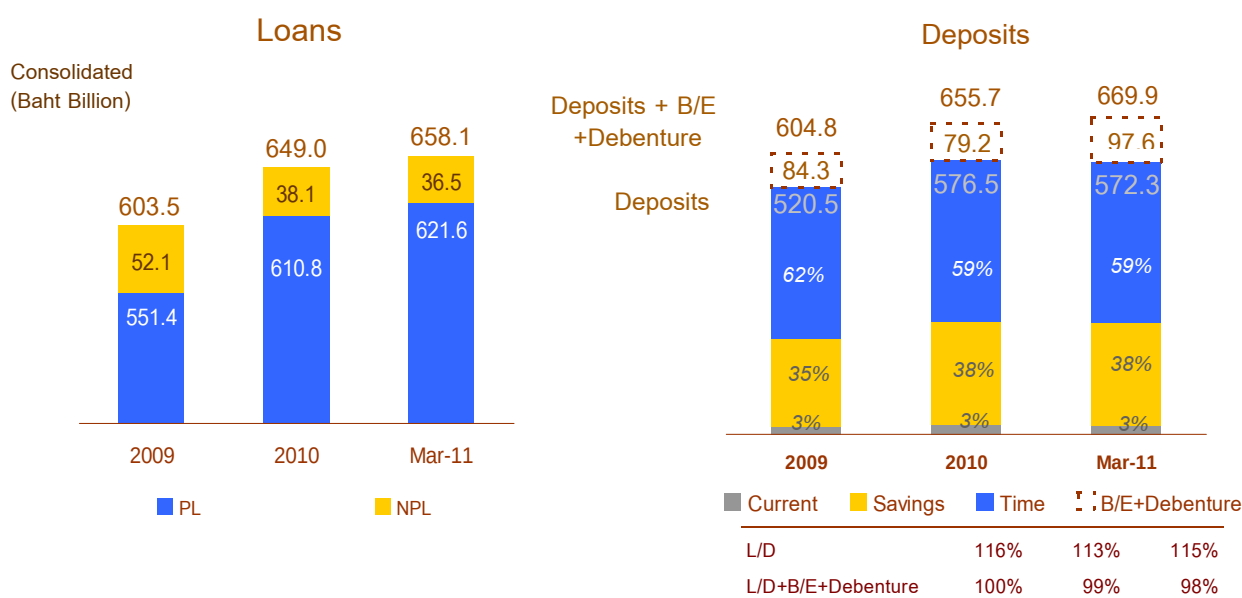
Asset quality remained tightly controlled, resulting in a decrease in non-performing loans (NPLs) and an increase in excess provisions over the Bank of Thailand requirements. As of March 31, 2011, gross NPLs decreased by Baht 1,692 million or 4.4% from December 31, 2010. The surplus reserve increased to Baht 13,094 million from Baht 12,666 million. The coverage ratio increased from 89% to 92% while the actual provision ratio when compared to Bank of Thailand requirement increased to 164.0% from 159.4% as of December 31, 2010.

3.3 Deposits

Consolidated	Mar. 31, 11	Dec. 31, 10	Change		Deposit Structure	
	(Baht mn.)	(Baht mn.)	Baht mn.	%	Mar. 31, 11	Dec. 31, 10
Current	16,027	18,129	(2,102)	(11.6)	2.80	3.14
Savings	219,160	219,464	(304)	(0.1)	38.30	38.07
Time	337,083	338,886	(1,803)	(0.5)	58.90	58.79
< 6 months	90,013	95,395	(5,382)	(5.6)	15.73	16.55
6 M - 1 Year	111,400	106,666	4,734	4.4	19.47	18.50
> 1 Year	135,670	136,825	(1,155)	(0.8)	23.71	23.73
Total	572,270	576,479	(4,209)	(0.7)	100.00	100.00

As of March 31, 2011, overall funding for the Bank including deposits, bills of exchange and debentures, increased Baht 14,280 million or 2.1% from December 2010. Consequently, the loan to deposit plus bills of exchange and debenture ratio decreased to 98%. Deposits totaled Baht 572,270 million, a decrease of Baht 4,209 million or 0.7% from December 31, 2010.

During the quarter higher cost debentures matured and were replaced with lower cost bills of exchange.



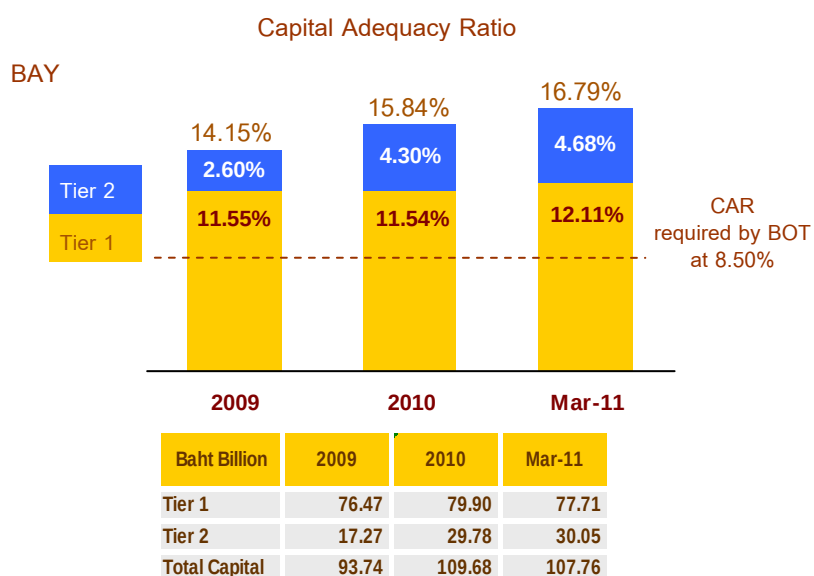
3.4 Contingencies

Consolidated	Mar.31, 11	Dec. 31, 10	Change from	
			Dec. 31, 10	
			Baht mn	%
Avals to bills and Guarantees of loans	2,848	3,929	(1,081)	(27.5)
Liability under unmatured import bills	1,257	1,202	55	4.6
Letters of credit	7,257	8,126	(869)	(10.7)
Other contingencies	401,971	387,164	14,807	3.8
Total	413,333	400,421	12,912	3.2

The Bank and its subsidiaries' off balance sheet items as of March 31, 2011 totaled Baht 413,333 million, an increase of Baht 12,912 million or 3.2% as compared to December 31, 2010. This increase was driven by other contingencies increasing Baht 14,807 million as a result of derivative transactions of Baht 11,767 million and unused overdrafts of Baht 2,267 million.

3.5 Statutory Capital

As of March 31, 2011, the Bank's capital totaled Baht 107,757 million, equivalent to 16.8% of risk-weighted assets with 12.1% in Tier 1 capital under Basel II.



4. Credit Ratings

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of March 31, 2011 are as follows:

Moody's Investors Service

Bank Deposits

- Long Term	Baa2
- Short Term	Prime-2

Debt

- Long Term -Senior Debt	Baa2
- Long Term –Subordinated Debt	Ba2
- Short Term	Prime-3

Debt and Deposit Rating Outlook	Stable
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Bank Financial Strength Ratings	D
Outlook	Stable

Standard and Poor's

Local Currency

- Long Term	BBB-
- Short Term	A-3

Foreign Currency

- Long Term - Senior Debt	BBB-
- Short Term	A-3

Bank Financial Strength Ratings	C
Outlook	Stable

Fitch Ratings

International Rating (Foreign Currency)

- Long Term	BBB
- Subordinated Debt	BBB-
- Short Term	F3
- Individual Rating	C
- Support	3
- Support Rating Floor	BB+
- Outlook	Stable

National Ratings

- Long Term – Debenture	AA- (tha)
- Subordinated Debt	A+ (tha)
- Short Term	F1+ (tha)
- Outlook	Stable